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FM AMEMBASSY RIYADH
TO RUEHC/SECSTATE WASHDC PRIORITY 8606
RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY
RUEHHH/OPEC COLLECTIVE PRIORITY
RUEAHLC/HOMELAND SECURITY CENTER WASHINGTON DC PRIORITY 0218
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RHRMAKS/COMUSNAVCENT  PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY
RHMFISS/HQ USCENTCOM MACDILL AFB FL PRIORITY
RUEKDIA/DIA WASHINGTON DC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY

C O N F I D E N T I A L RIYADH 000918

SIPDIS

NEA FOR DAS GGRAY
DEPT OF ENERGY PASS TO A/S KKOLEVAR, MWILLIAMSON, GPERSON,
AND JHART
TREASURY PASS TO A/S CLOWERY
CIA PASS TO TCOYNE

E.O. 12958: DECL: 06/10/2018
TAGS: EPET ENERG SA
SUBJECT: SAUDIS ANNOUNCE EMERGENCY OIL MEETING

Classified By: DCM Michael Gfoeller for reasons
1.4 (b) (c) and (d).

¶1.  (U)  This is an action request.  DOE/International Policy
and EB/ESC/IEC please see paragraph five.

¶2.  (C)  In the wake of oil prices reaching $139/barrel on
June 6, press news broke on 9 June that the Saudi government
plans to call an emergency meeting to discuss the current
crude oil pricing situation.  The Saudi cabinet took the
decision in their weekly June 9 meeting.  In a conversation
on 10 June, Ministry of Petroleum (MinPet) Public Relations
Head Dr. Ibrahim Al Muhanna indicated MinPet hoped set the
meeting date for about two weeks hence, maybe a bit later,
but would finalize a date soon.  The SAG will host the
meeting in Riyadh, in coordination with the International
Energy Agency (IEA) and the International Energy Forum (IEF).
 Major producing and consuming countries, and key
international and national oil companies will be invited.
Minister Naimi is the expected host; it is unclear if King
Abdullah will attend.

¶3.  (C)  Dr. Al Muhanna inquired anxiously if the USG
intended to be represented at the meeting.  Energy Attache
noted the short time line, and promised to request guidance
from Washington.

¶4.  (C)  A well-placed industry source in Riyadh indicated
that Assistant Minister of Petroleum Prince Abdulaziz bin
Salman bin Abdulaziz Al-Saud had called him, quite agitated,
to request his "full support" for the meeting.  The source
noted that Prince Abdulaziz appeared to be in a relatively
reluctant frame of mind to support the meeting, but "owed it
to his King" to do so.

¶5.  (C)  Comment and Action Request: Recognizing that we have
not yet received a formal invitation to the proposed meeting,
and many details about the agenda remain unclear, Mission
requests that DOE/International Policy and EB/ESC/IEC send us
talking points and/or instructions regarding the USG view on
the proposed meeting to present to MinPet.  MinPet is looking
for strong international support to host this meeting -
whether at their own initiative or at the behest of their

highers-up.  The little we know so far suggests that this is a Royal initiative.  Further, there appears to have been a significant softening in the tone of the Saudi press statements overnight, which may suggest intervention by King Abdullah or the cabinet.  The initial Reuter's announcement of the meeting was accompanied by Petroleum Minister Naimi's typical statement that the market was well-supplied, and no new production decisions would be made at the proposed meeting.  However, by this morning, Petroleum Minister Naimi was no longer speaking for the Saudi government.  Instead, he had been replaced by Information and Culture Minister Madani, who emphasized that the Kingdom was ready to provide all oil companies and countries that it deals with any additional oil they need.  In the wake of the G8 meeting, and Friday's $11 jump in crude prices, the Kingdom's leadership appears to have realized that crude prices have metastasized into a political issue potentially devastating for the Saudis' image and interests.  King Abdullah and the cabinet evidently now view resolving this as a political issue instead of a technical matter.
FRAKER